

Quarterly fund update - September 2022

Investment approach

Each Fund invests via expert asset managers that specialise in index strategies that seek to track the performance of selected benchmarks as well as alternative assets and cash. Alternative assets and cash may or may not invest in index strategies. Sandhurst will invest each Fund's assets across a variety of asset classes in a manner that we believe will meet the investment return objective of each Fund. Each Fund aims to provide a total return after fees in excess of a stated percentage above inflation over a full market cycle (typically 7 to 10 years), where inflation is measured by the Australian Consumer Price Index (CPI).

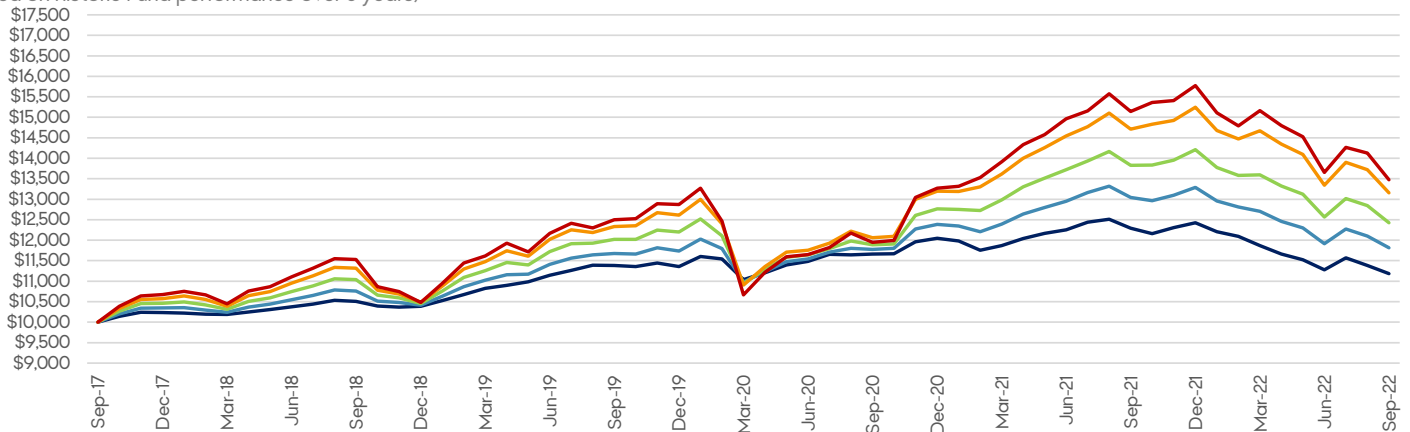
Fund performance¹ as at 30 September 2022

	Morningstar Rating™ Overall ²	Morningstar Category Rank 5 Year ²	3 months %	1 year %	3 years %p.a.	5 years %p.a.	Fund size \$m
Bendigo Defensive Index Fund	★★★★	3 / 21	-0.81	-9.00	-0.58	2.26	\$84.77
<i>Peer Comparison</i>			-1.32	-8.04	-1.22	1.20	
Bendigo Conservative Index Fund	★★★★★	4 / 110	-0.82	-9.38	0.40	3.40	\$402.83
<i>Peer Comparison</i>			-1.36	-7.80	-0.26	1.91	
Bendigo Balanced Index Fund	★★★★★	5 / 112	-1.09	-10.13	1.12	4.44	\$441.38
<i>Peer Comparison</i>			-1.10	-8.21	0.87	3.26	
Bendigo Growth Index Fund	★★★★★	9 / 184	-1.38	-10.58	2.17	5.64	\$382.95
<i>Peer Comparison</i>			-1.71	-10.01	1.46	4.07	
Bendigo High Growth Index Fund	★★★★	36 / 130	-1.32	-11.01	2.54	6.15	\$78.21
<i>Peer Comparison</i>			-1.76	-10.83	2.55	5.30	

An example of how your investment grows

Growth of \$10,000 over 5 years¹

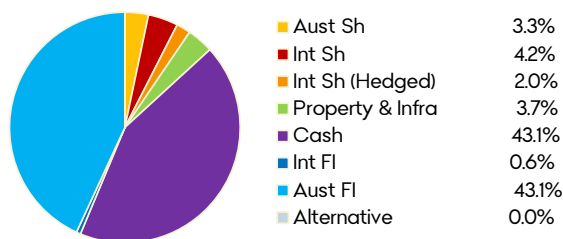
(Based on historic Fund performance over 5 years)



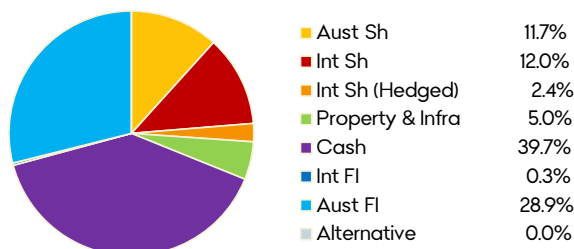
Fund Facts	APIR Code	Fund inception date	Distribution frequency	Return objective	Recommended investment timeframe	Risk level	Management costs ³	Buy / Sell spread ³
Bendigo Defensive Index Fund	STL0031 AU	30 Sept 2011	Half yearly	CPI + 1%	2 years +	Low	0.40% p.a.	+0.10%/-0.10%
Bendigo Conservative Index Fund	STL0032 AU	30 Sept 2011	Half yearly	CPI + 2%	3 years +	Low to medium	0.42% p.a.	+0.09%/-0.09%
Bendigo Balanced Index Fund	STL0033 AU	30 Sept 2011	Half yearly	CPI + 3%	4 years +	Medium	0.44% p.a.	+0.09%/-0.09%
Bendigo Growth Index Fund	STL0034 AU	30 Sept 2011	Half yearly	CPI + 4%	5 years +	Medium to high	0.46% p.a.	+0.09%/-0.09%
Bendigo High Growth Index Fund	STL0035 AU	30 Sept 2011	Half yearly	CPI + 5%	7 years +	High	0.47% p.a.	+0.09%/-0.09%

Asset allocation

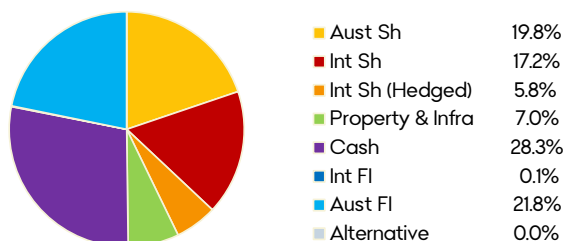
Bendigo Defensive Index Fund



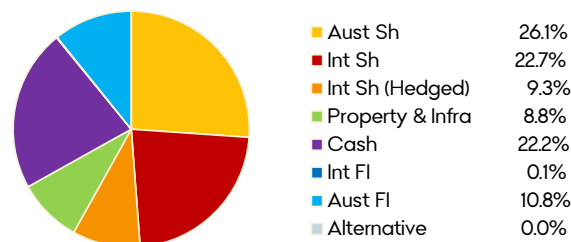
Bendigo Conservative Index Fund



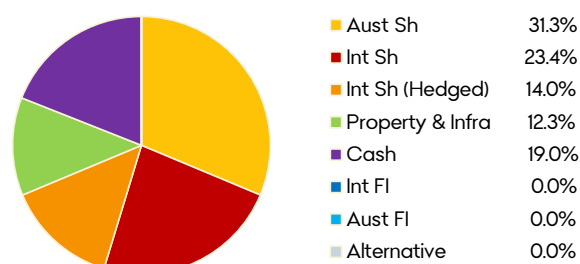
Bendigo Balanced Index Fund



Bendigo Growth Index Fund



Bendigo High Growth Index Fund



Unit prices

as at 30 September 2022	Application price	Withdrawal price
Bendigo Defensive Index Fund	\$1.04625	\$1.04416
Bendigo Conservative Index Fund	\$1.18150	\$1.17937
Bendigo Balanced Index Fund	\$1.29539	\$1.29306
Bendigo Growth Index Fund	\$1.47036	\$1.46772
Bendigo High Growth Index Fund	\$1.48684	\$1.48417

Quarterly commentary

Performance

Returns for the quarter ending September were negative in absolute terms but were stronger than the benchmark for all risk profiles. The investment team holds underweight exposures to growth assets relative to benchmark given the elevated volatility associated with high inflation and rising cash rates. This has benefitted Fund returns with equities and property underperforming overweight exposures such as Australian investment grade credit, alternatives, and cash over the 3-month period. The Team remains cautious on interest rate linked investments such as duration (bonds and high price multiple equities) and property. A low hedge ratio to the US dollar has also benefitted the Funds given the currency's recent strength as forward indicators of growth soften and interest rate differentials grow making the greenback appealing to investors seeking higher yields.

Economic

Asset returns have been challenged by rising discount rates as central banks continue their concerted effort to bring inflation down. Volatility remains elevated given the market's shifting pricing of a recession or economic soft landing which would bring inflation down without rising unemployment and slowing growth. These two economic scenarios have varying impacts on asset class returns and monthly performance has been indicative of the ever-changing narrative markets are grappling with in response to critical data points and commentary from Central Bankers. In the September quarter, Australian equities (ASX 300) were relatively resilient recording a small gain of 0.5% while international shares (MSCI World Ex Australia \$AUD Hedged) fell 5.2%. The Australian major banks did most of the heavy lifting over the period with expectations of rising profitability given rate rises and a lower Australian dollar beneficial to the miners as Australian exports become more competitive in global terms.

Fiscal and Monetary Policy announcements have been central to market movements over the quarter. In late September, the UK government announced tax cuts to offset some of the rising cost of living pressures in the UK which was met with a wave of bond selling in UK Gilts. 30-year UK bond yields rose an outsized 140 basis points and the Pound was in a steep decline in the days following the announcement before the Bank of England was forced to step in and buy bonds to ensure financial conditions were normalised.

Locally, the RBA has delivered consecutive months of outsized rate rises to quell domestic inflation. The RBA is attempting to balance the impact of rate hikes on the economy as it is well known there are variable and time lags following cumulative rate hikes in short succession. The goal of bringing inflation down to the target range remains, however, the RBA will be careful to not constrict the economy too much which could cause a slowdown in the domestic economy.

Do you have any questions?

For further information contact us on 1800 634 969 or visit our website: www.bendigobank.com.au/managedfunds

Asset positioning commentary

The Funds have maintained tilts away from interest rate sensitive investments with lighter holdings in global government bonds and REITs. Growth exposures have been moderated down with a preference for liquid cash investments attracting higher yields. Due to our underweight position in equity risk offsetting government bonds, we prefer a bias to unhedged exposure, with the aim to reduce overall portfolio volatility.

Australian Shares

We continue to hold underweight exposure to Australian Equities. The rapid rise of interest rates from central banks around the world has seen recession risks build and as a result the commodity dominated Australian equity benchmark faces headwinds should consumption and activity slow. Forward looking economic indicators are pointing to a growth slowdown and as a result we have reduced our exposure to Australian equities.



International Shares

We hold an underweight to global equities. The global equity benchmark is predominately made up of US and European equities. European markets are heavily impacted by the Russian Ukraine situation, in which they are experiencing troublesome inflation led by soaring energy costs. The US market trades at premium price relative to earnings and faces a significant headwind in the form of a Federal Reserve Committee that is determined to reduce inflation placing growth at risk. Defensive sectors with earnings certainty such as staples, utilities and healthcare remain our preferred exposures. Energy also plays a vital role in the portfolios. This sector provides insurance against rising inflation with companies trading at attractive multiples and limited capital expenditures in the space ensuring supply remains tight for years to come.

We currently hold a 20% hedged position on our offshore global equity exposures.



Property & Infrastructure

Over the period we have maintained our overweight exposure to global infrastructure. This asset class possesses strong defensive characteristics with inflation linked revenues. Given our cloudy outlook for the economy and markets moving forward, we feel this exposure will add to performance. We currently have little holdings in listed property given it generally does not perform well in rising rate environments.



Fixed Income

Overall, we hold an underweight to fixed income.

Most of the duration exposure sits within Australian inflation linked bonds. We believe that these are reasonably priced with upside risk should inflation remain elevated and above expectations given disruptions from the Ukraine Russian conflict and strong labour conditions.

The team prefers Australian debt over global for its attractive yields, lower expected inflation, and perception that the cash rate does not reach levels expected in other regions of the world.



Cash

Cash is used as a balancing item based on views of other asset classes.



Footnotes

1. Fund performance figures are calculated before tax and after fees and costs; using withdrawal prices and assumes distributions are reinvested. Past performance is not an indication of future performance.
2. Morningstar rates managed funds from one to five stars based on how well they've performed (after adjusting for risk) in comparison to similar funds. Within each Morningstar Category, the top 10% of funds receive five stars, the next 22.5% four stars, the middle 35% three stars, the next 22.5% two stars, and the bottom 10% receive one star. Funds are rated for up to three time periods - three, five, and 10 years - and these ratings are combined to produce an overall rating. Funds with less than three years of history are not rated. Ratings are objective, based entirely on a mathematical evaluation of past performance. They're a useful tool for identifying funds worthy of further research, but shouldn't be considered buy or sell recommendations.

Bendigo Defensive Index Fund received a 4-Star Overall Morningstar Rating™ out of 21 Multisector Conservative funds as of 30 September 2022. In the Morningstar Multisector Conservative Category, the Bendigo Defensive Index Fund 5 year return was ranked 3 out of 21 funds as of 30 September 2022. Source: www.morningstar.com.au/Funds/FundReport/19288

Bendigo Conservative Index Fund received a 5-Star Overall Morningstar Rating™ out of 114 Multisector Moderate funds as of 30 September 2022. In the Morningstar Multisector Moderate Category, the Bendigo Conservative Index Fund 5 year return was ranked 4 out of 110 funds as of 30 September 2022. Source: www.morningstar.com.au/Funds/FundReport/19289

Bendigo Balanced Index Fund received a 5-Star Overall Morningstar Rating™ out of 116 Multisector Balanced funds as of 30 September 2022. In the Morningstar Multisector Balanced Category, the Bendigo Balanced Index Fund 5 year return was ranked 5 out of 112 funds as of 30 September 2022. Source: www.morningstar.com.au/Funds/FundReport/19290

Bendigo Growth Index Fund received a 5-Star Overall Morningstar Rating™ out of 192 Multisector Growth funds as of 30 September 2022. In the Morningstar Multisector Growth Category, the Bendigo Growth Index Fund 5 year return was ranked 9 out of 184 funds as of 30 September 2022. Source: www.morningstar.com.au/Funds/FundReport/19291

Bendigo High Growth Index Fund received a 4-Star Overall Morningstar Rating™ out of 133 Multisector Aggressive funds as of 30 September 2022. In the Morningstar Multisector Aggressive Category, the Bendigo High Growth Index Fund 5 year return was ranked 36 out of 130 funds as of 30 September 2022. Source: www.morningstar.com.au/Funds/FundReport/19292

'Peer Comparison' performance refers to the performance of the relevant 'Morningstar Category' for the stated period. Investments are placed into Morningstar Categories based on their compositions and portfolio statistics so that investors can make meaningful comparisons. 'Morningstar Category Rank' is the Fund's performance rank relative to all funds in the same Morningstar Category.

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3. Management costs are based on costs incurred by the Fund in the past financial year and may be different in the current and future financial years. Other fees and costs may apply. See the Product Disclosure Statement for full details.

The managed funds detailed in this update (individually referred to as 'Fund' or collectively as 'Funds') are issued by Sandhurst Trustees Limited (Sandhurst) ABN 16 004 030 737 AFSL 237906 a subsidiary of Bendigo and Adelaide Bank Limited (the Bank) ABN 11 068 049 178 AFSL 237879. Sandhurst and the Bank receive remuneration on the issue of the Funds or the service they provide, full details of which are contained in the relevant Product Disclosure Statement (PDS). Investments in the Funds are not deposits with, guaranteed by, or liabilities of the Bank or any of its related entities. Economic and outlook forecasts are not guaranteed to occur. Sandhurst has prepared this document based on information available to it. The information and opinions provided in this document have not been verified and Sandhurst has no obligation to notify you in the event that any information or opinions change. No representation is made to the fairness and accuracy of the information, opinions and conclusions contained in this document. This update is provided by Sandhurst and contains general advice only. Please consider your situation and read the relevant PDS available at www.bendigobank.com.au/managedfundsforms, any Bendigo Bank branch or by phoning 1800 634 969 before making an investment decision.

For target market determination: www.bendigobank.com.au/TMD

The information is current as at 30 September 2022 (unless stated otherwise) and is subject to change without notice.